

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 PA-01 PRS-01 L-03 H-01
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TO SECSTATE WASHDC 7852
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C O N F I D E N T I A L CARACAS 5479

COMMERCE FOR OED/MEPD AND OIM

E.O. 11652: GDS
TAGS: EGEN, ECEM, VE
SUBJECT: ILLEGAL PAYMENTS: ALLEGED PAYOFFS BY PULLMAN KELLOGG

REF: CARACAS 1793, CARACAS 1997, CARACAS 5094

1. LOCAL PRESS ON 26 MAY CONTAINED STATEMENT REPORTEDLY MADE BY GENERAL VALENTIN MONTANA, DIRECTOR GENERAL OF THE VENEZUELAN PETROCHEMICAL INSTITUTE (IVP), TO THE EFFECT THAT THE U.S. CONGRESS HAD CONFIRMED THAT THE U.S. COMPANY PULLMAN KELLOGG (FORMERLY M.W. KELLOGG) ILLEGALLY PAID \$2.5 MILLION TO VENEZUELAN OFFICIALS. THE STATEMENT WAS MADE TO A CHAMBER OF DEPUTIES SUBCOMMITTEE. THE PURPOSE OF THE ALLEGED BRIBE WAS NOT STATED, BUT PRESUMABLY HAS TO DO WITH THE CONTRACT WHICH KELLOGG SIGNED WITH IVP FOR THE CONSTRUCTION OF NAPHTHA CRACKER AT THE EL TABLAZO PETROCHEMICAL COMPLEX. GENERAL MONTANA IS REPORTED TO HAVE STATED THAT THE ABOVE INFORMATION WAS PROVIDED BY THE ARTHUR ANDERSEN COMPANY WHICH IS PERFORMING AN AUDIT OF CERTAIN ASPECTS OF IVP'S OPERATIONS.

2. PUBLIC RELATIONS DEPARTMENT OF IVP INFORMED EMBASSY THAT MONTANA'S STATEMENTS WERE BASED ON AMERICAN NEWSPAPER ARTICLES PROVIDED BY ARTHUR ANDERSEN COMPANY.

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3. COMMENT: THE ALLEGATIONS ABOUT DISCLOSURE OF ILLEGAL PAYMENTS BY KELLOGG TO VENEZUELAN OFFICIALS IS THE FIRST THE EMBASSY HAS HEARD ON THIS ASPECT OF THE MATTER. EMBASSY WOULD APPRECIATE KNOWING IF MONTANA'S CLAIM IS CORRECT. KELLOGG HAS FOR SOME TIME BEEN IVP'S FAVORITE WHIPPING BOY (SEE CARACAS 1997). HOWEVER, THIS IS THE FIRST TIME THAT

AN INCUMBENT IVP OFFICIAL HAS MADE MENTION OF A BRIBE BY
KELLOGG. A FORMER DIRECTOR GENERAL OF IVP, EDUARDO ACOSTA,
HAS DECLARED IN A RECENT BOOK ON THE VENEZUELAN PETROCHEMICAL
INDUSTRY THAT KELLOGG PAID OFF SOMEONE IN ORDER TO GET THE
EL TABLOAZO CONTRACT (CARACAS 5094).

4. ACTION REQUEST: DEPARTMENT REQUESTED ASCERTAIN WHETHER
SEC HAS RECORD OF ILLEGAL PAYMENT WHICH PRESUMABLY SOURCE OF
PURPORTED NEWSPAPER ARTICLE IN U.S.
VAKY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: BRIBERY, CHEMICAL INDUSTRY, ALLEGATIONS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
Disposition Reason:
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